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C O N F I D E N T I A L MANAMA 000237

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STATE FOR NEA/ARPI DBERNS  
STATE PASS USTR JBUNTIN

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SUBJECT: BMA GOVERNOR ON FINANCE AND TELECOMS

Classified By: Ambassador William T. Monroe for reasons  
1.4 (b) and (d).

1. (C) In an introductory call February 9, the Ambassador congratulated former Batelco chairman Rasheed Mohammed Al Maraj on his appointment as governor of the Bahrain Monetary Agency, Bahrain's central bank. In response to the Ambassador's comment on Bahrain's leading role in the Middle East and North Africa Financial Action Task Force (MENA FATF), Al Maraj said the GOB is committed to complying with all rules and disclosing all information related to combating money laundering and terrorism financing. He wants to work closely with the USG on these issues. (NOTE. The Middle East and North Africa states established a FATF in November 2004, headquartered in Manama, to combat money laundering and terrorism financing. END NOTE). Al Maraj stated that the BMA coordinates with the U.S. Federal Reserve Board on regulatory matters and training, and will host Fed officials at the end of February for a regional seminar for bank supervisors.

2. (C) Al Maraj spoke at length about telecommunications regulation from his perspective as former chairman of Batelco, Bahrain's national telecommunications company. He agreed with the Ambassador on the importance of corporate governance and the need to increase transparency. Regulating the telecom industry is the first step in regulating all public utilities. Al Maraj said deregulation in the telecom sector has proven to be a big success and has spurred 30 percent growth despite initial fears that deregulating Bahrain's small market would cause turmoil in the marketplace.

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